

NEWSLETTER

October 18, 2007

Project cost estimating data provided by the
Utah Department of Transportation Engineering Services Division

This Issue's Featured Estimating Tip **Pay Items**

A Pay Item Cost Estimate determines the cost contractors might reasonably charge UDOT for a single item of work. The estimate for an item of work may vary from project to project due to various factors of the job. An Engineer's Estimate Price Comparison report in PDBS will compare each item to the average unit bid price for that item. Use this report with caution since it does not currently utilize any quantity criteria. Use this report as a tool but not a substitute for individually evaluating costs based on sound engineering judgment. There may be other factors that affect unit bid price. Some factors to consider are:

Location

- ❖ Is the project in a remote area of the state?
- ❖ Is this an area where projects historically get a minimal number of bidders?

Time of Year

- ❖ Contractors like to build backlog for the upcoming construction season in the winter months. Bidding in the summer months usually yields higher unit prices and fewer bidders since contractors are busy in the summer months. Resources such as equipment, labor, and materials can also be in short supply in the busy summer construction season.

Constructability

- ❖ Are there unique items on the project? Consider non-traditional items of work and the difficulty of construction.
- ❖ Is this an item that has been built before?
- ❖ Is it new and innovative?
- ❖ How familiar are contractors with the construction methods?

Item Quantity

- ❖ Small quantities generally dictate higher unit prices such as a project that only has 20 feet of pipe, 500 tons of HMA, or 30 feet of curb and gutter.

Limitation of Operations

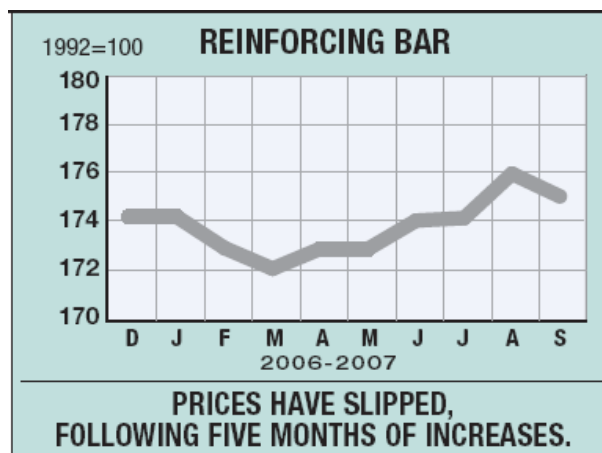
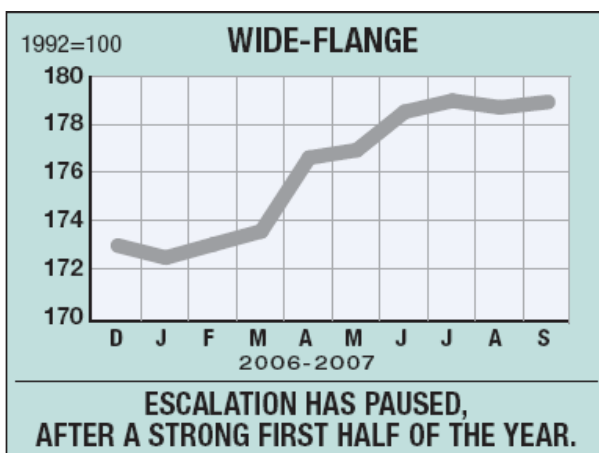
- ❖ What limitations will there be on working hours?
- ❖ Is traffic control unique or difficult?
- ❖ Will there be lane closure restrictions?

To be continued...More pay item factors will be presented next month.

Steel

9/24/07

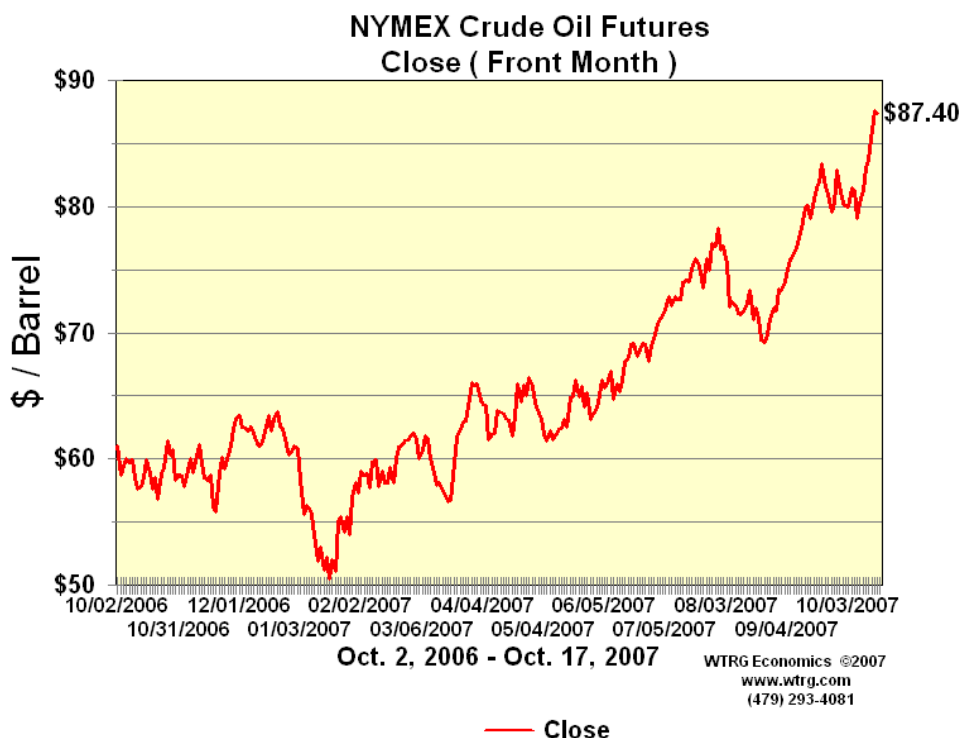
Prices for concrete reinforcing bar are starting to ease after a series of increases earlier in the year. The average price of reinforcing bar increased 11% to \$568 per ton during the second quarter. Global Insight expects the average rate of increase to slow to 3% this quarter and then decline by 4% during the fourth quarter of the year. The ENR average price for rebar slipped about 1%, checking five months of increases.



Crude Oil

10/16/07

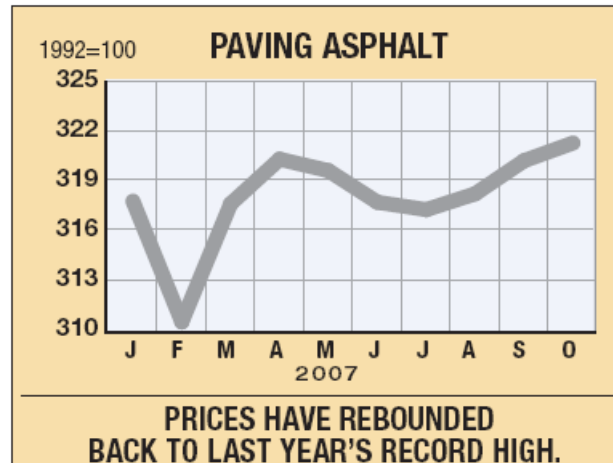
NYMEX West Texas Intermediate for November delivery closed up \$1.48 at \$87.61 per barrel.



Asphalt Binder

10/1/07

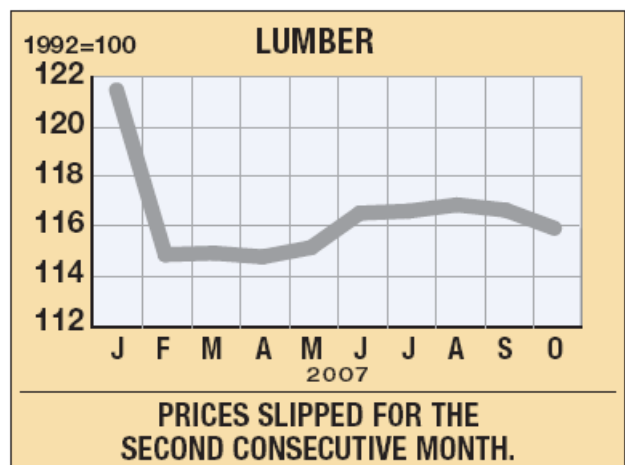
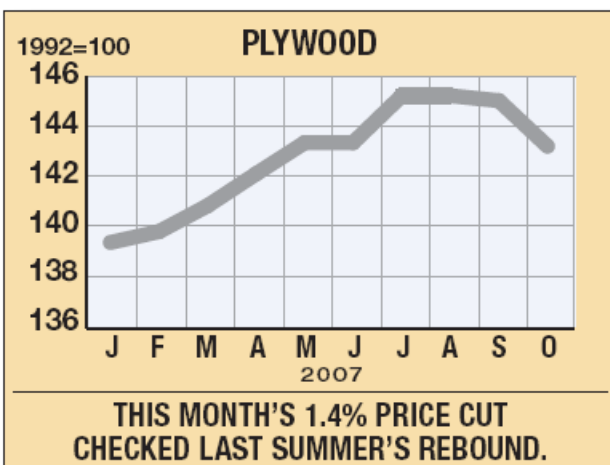
Asphalt binder costs continue to be stable in the mountain west, even in light of high crude oil costs. Ultimately, binder costs are influenced by high crude oil costs.



Lumber

10/15/07 ENR

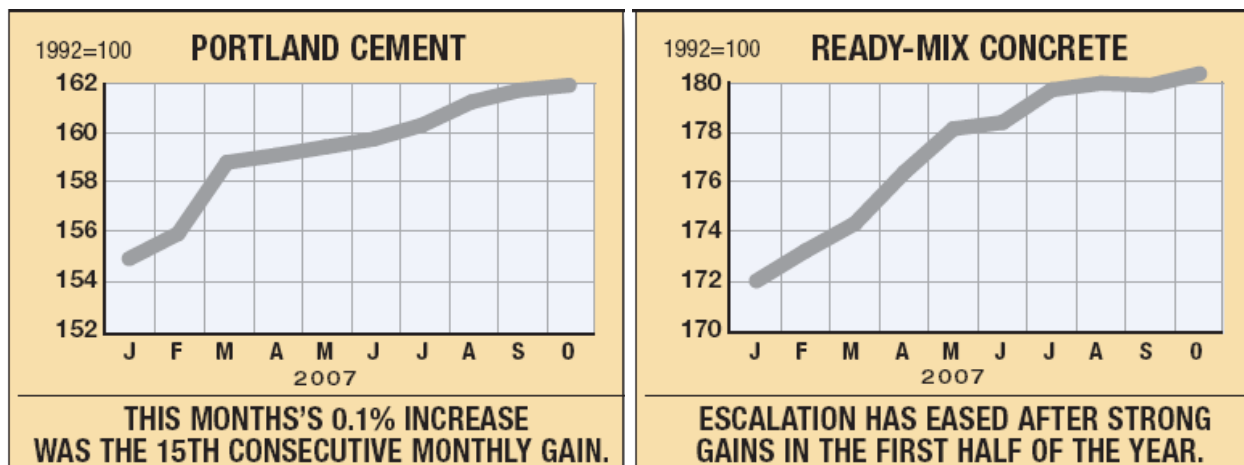
Plywood prices fell 1.4% in October after slipping 0.1% in September. The back-to-back monthly declines checked prices that were rebounding from last year's low levels. The rebound in prices during the first half of the year kept plywood prices 2% above the October 2006 level despite recent declines. Mill prices for plywood also declined during August and September but are still 12% above last year's level.



Cement Costs

10/1/07 ENR

Ready-mix concrete prices increased another 0.3% in September, pushing the ENR average prices 6% above a year ago marking the third consecutive year that prices for 3,000-psi concrete posted a 6% year-to-year increase. The Bureau of Labor Statistic producer price index for ready-mix concrete rose 0.4% in July, leaving the index 3.6% above 2006's level. This is down from year-to-year escalation of 10% at the end of last year and a 6% annual escalation rate averaged during the first quarter of this year.



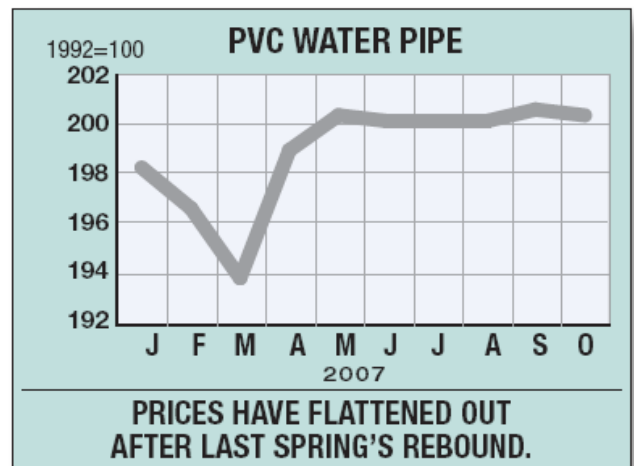
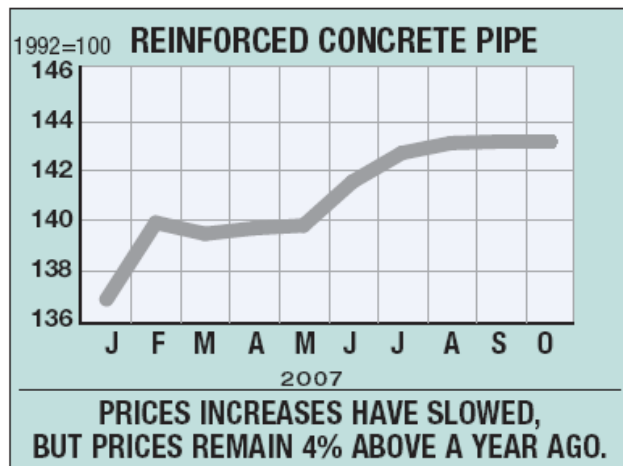
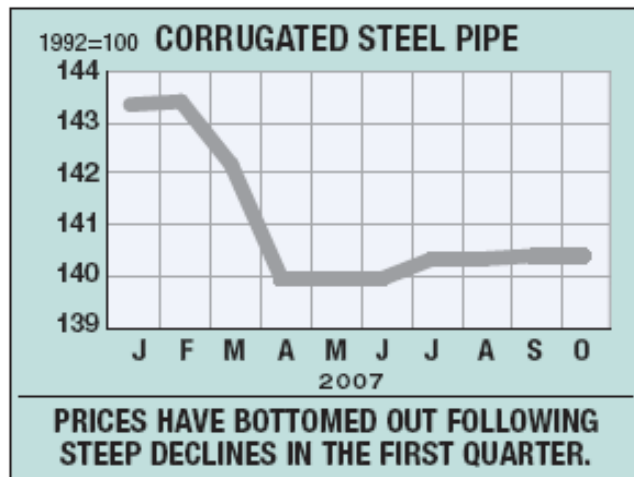
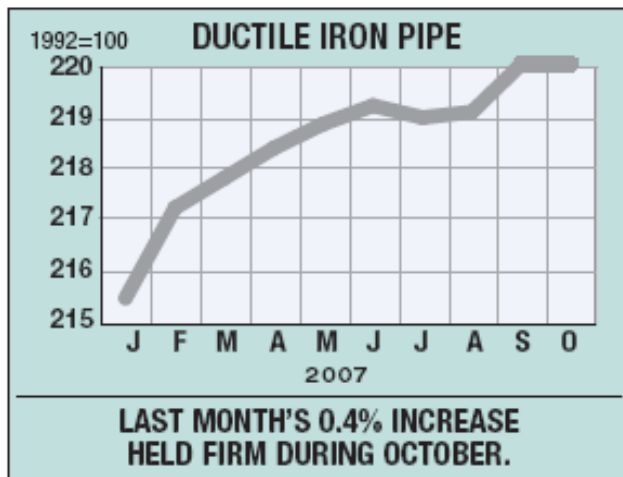
Pipe Costs

10/8/07 ENR

Prices for most pipe products showed little movement for October. The exception was a jump in vitrified clay pipe prices which reflects revisions in prices due to new sources, rather than market forces. The average monthly price hike was 2.3%. The ENR VCP prices are 9% above a year ago.

9/10/07 ENR

Pipe producers for a broad range of construction products all held prices in check for September. The largest monthly price increases tracked by ENR were 12-inch ductile iron pipe and 6 inch PVC. Monthly price increases for other products ranged between 0.1 and 0.3%.



Do you have estimating questions? Call Jason Henrie or David Osborn at 957-8605.

Do you have a suggestion for something you would like researched for a future edition of the Estimator's Corner Newsletter? Your suggestions are welcome and make the information in the Newsletter more useful for the readers.

Do you know anyone who would like to receive the monthly Estimator's Corner Newsletter? Please send your suggestions, ideas, questions, and requests to estimatorscorner@utah.gov and we will do our best to implement them.

The weekly Engineer's Estimate Support meeting is an open meeting. Anyone is invited to attend and teleconferencing can be provided with advance notice. Please notify a member of the Engineer's Estimate Support team for time and meeting location if would like to attend.